

Message Text

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ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 COME-00 EB-08 TRSE-00 OPIC-03
AID-05 IGA-02 PRS-01 CIAE-00 INR-07 NSAE-00 L-03
FEA-01 XMB-02 EPA-01 CEQ-01 DODE-00 PM-04 ACDA-07
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FM AMEMBASSY PARIS
TO SECSTATE WASHDC 1965
INFO AMEMBASSY MOSCOW
AMEMBASSY BUDAPEST
AMEMBASSY BUCHAREST
AMEMBASSY SOFIA
AMEMBASSY PRAGUE
AMEMBASSY WARSAW
AMEMBASSY BELGRADE
AMEMBASSY BERLIN
ALL EC CAPITALS
USMISSION USBERLIN
USMISSION NATO
AMEMBASSY JIDDA
AMEMBASSY ABU DHABI

C O N F I D E N T I A L PARIS 11632

E.O. 11652: GDS
TAGS: ESTC EEWT ENRG FR SU
SUBJECT: PREPARATION OF CONTRACTS TO MARK BREZHNEV'S
PARIS VISIT AND FRENCH-SOVIET TRADE DISCUSSIONS.

REF: MOSCOW 4441 (NOTAL)

1. FRENCH GOVERNMENT PLANS HAVE SIX OR SEVEN TRADE
CONTRACTS READY FOR SIGNATURE DURING SECRETARY
BREZHNEV'S VISIT TO PARIS IN JULY. ACCORDING TO
FOREIGN MINISTRY ECONOMIC OFFICIAL VALUE OF CONTRACTS
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PRESENTLY IN PREPARATION AMOUNTS TO APPROXIMATELY 1.5
FILLION FRANCS (\$300 MILLION). BREZHNEV'S VISIT WILL
ALSO SERVE AS AN OCCASION TO UPDATE TEN YEAR FRENCH
SOVIET INDUSTRIAL COOPERATION AGREEMENT ORIGINALLY
SIGNED IN DECEMBER 1974.

2. FRENCH FOREIGN TRADE MINISTER ANDRE ROSSI, WHO

WAS IN MOSCOW ON APRIL 4 AND 5 TO PARTICIPATE IN OPENING OF FRENCH EXHIBIT AT INTERNATIONAL MACHINE TOOL EXPOSITION, HELD TALKS WHILE THERE WITH SOVIET FOREIGN TRADE MINISTER, N. S. PATOLICHEV, DEPUTY FOREIGN TRADE MINISTER, N. D. KOMAROV, AND ALEXIS KOSYGIN, PRESIDENT OF THE SOVIET COUNCIL OF MINISTERS. OUR SOURCES TELL US THAT IN REVIEWING CURRENT FRENCH/SOVIET TRADE DEVELOPMENTS WITH ROSSI, SOVIETS AGREED TO PROVIDE FRENCH WITH "COMPENSATION CONTRACTS" TO OFFER FLEXIBILITY OF RELATIVELY WIDE SELECTION OF PRODUCTS SUITED TO FRENCH MARKET REQUIREMENTS. IT WAS SIMILARLY AGREED IN PRINCIPLE TO AVOID FIXED-PRODUCT "BUY-BACK" CONTRACTS WHEREBY FRENCH WOULD BE REPAID IN PRODUCTS FROM EXPORTED FRENCH FACTORIES PREVIOUSLY SOLD TO SOVIETS. IT WAS ALSO AGREED THAT FURTHER EFFORTS WOULD BE MADE TO ASSIST MARKETING OF SOVIET PRODUCTS IN FRANCE.

3. FOREIGN MINISTRY SOURCE DOES NOT CONSIDER SOVIET EXTERNAL DEBT AS EXCESSIVE OR ALARMING IN VIEW OF OVERALL SOVIET RESOURCES AND MOSCOW'S POLITICAL REQUIREMENT TO RETAIN HIGH CREDIT STANDING. MINISTRY OFFICIAL NEVERTHELESS STRESSED THAT GOF WAS BEING VERY "VIGILANT" IN ANALYZING CURRENT SOVIET DEBT TRENDS.

4. IN LINE WITH ITS DESIRE TO DIVERSITY SOURCES OF PETROLEUM IMPORTS, SAME OFFICIAL ADDED THAT FRANCE WOULD PROBABLY INCREASE ITS PURCHASES OF OIL FROM RUSSIA (REFTEL PARA 5). HOWEVER, GIVEN PRIME MINISTER BARRE'S OFT-STATED DETERMINATION TO LIMIT FRENCH 1977
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FOREIGN EXCHANGE OUTLAY FOR FOREIGN OIL TO 55 BILLION FRANCS OR LESS, WE BELIEVE NO RPT NO SIGNIFICANT TRANSFERS AWAY FROM CHEAPER SAUDI AND UAE SUPPLIES-- WHICH COMPRISE ABOUT 45 PERCENT OF TOTAL FRENCH PETROLEUM IMPORTS--WILL OCCUR.

5. WEEKLY NEWS MAGAZINE LE POINT OF APRIL 18, RECEIVED AFTER ABOVE CONTACT, REPORTS THAT "DISCREET" FRENCH SOVIET NEGOTIATIONS ARE UNDERWAY FOR THE SUPPLY OF SEVEN SEPARATE PORT INSTALLATIONS WHICH WOULD, ACCORDING TO ARTICLE, CONSTITUTE LARGEST SOVIET FRENCH CONTRACT EVER CONCLUDED. EMBASSY WILL ADVISE DETAILS IF ABLE TO CONFIRM.

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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Case Number: n/a
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